

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration 500 West Temple Street, Room 713, Los Angeles, California 90012 (213) 974-1101 http://ceo.lacounty.gov

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June 16, 2009

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, CA 90012

Dear Supervisors:

AMENDMENT NO. 1 TO SUBLEASE NO. 74194
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES
12700 AVALON BOULEVARD, LOS ANGELES
(SECOND) (3 VOTES)

SUBJECT

This is a recommendation to approve and execute an amendment to the existing sublease decreasing the amount of office space currently occupied by Sub-Lessee, the State of California (State), by a total of 2,275 square feet from 8,228 to 5,953 square feet together with the corresponding reduction of rent payment.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed sublease amendment is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 Section r of the revised Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

- 2. Approve and instruct the Chairman to sign Amendment No. 1 to Sublease No. 74194 with the State, through its representative, the Department of General Services, decreasing the amount of office space currently occupied from 8,228 to 5,953 square feet (a total of 2,275 square feet) with a corresponding reduction in the amount of monthly rent currently paid from \$16,356 to \$11,833 until November 30, 2009 and thereafter adjusted accordingly over the remaining term of the sublease at the County leased building located at 12700 Avalon Boulevard, Los Angeles.
- 3. Authorize the Chief Executive Office (CEO) and the Department of Community and Senior Services (DCSS) to implement the project. The Amendment will become effective on July 1, 2009.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In connection with DCSS' creation of a community resource center to serve a specific geographic area with a demonstrated need for employment enhancement and career counseling, on October 29, 2002, your Board approved a sublease with the State for a 8,228 square foot portion of a County leased building (24,706 total square feet) located at 12700 Avalon Boulevard, Los Angeles. The State's presence represents approximately 33 percent of the building's occupancy and the rent received has helped offset the County's total operating costs for the project.

As DCSS' operating partners in this project, the State's Employment Development Department (EDD) together with the Los Angeles Urban League (UL) created the commonly referred to "One Stop Center" identifying and providing opportunities for employment and training services. EDD also provided services related to the initiation and ongoing processing of unemployment claims.

While being able to secure funding for this project over the past six years, the severe economic downturn has affected the State's continued ability to provide full financial support for such programs. The State has indicated that the current budget deficit has resulted in permanent funding reduction which necessitates its request for this amendment to decrease the total amount of office space occupied from 8,228 to 5,953 square feet.

DCSS will be responsible for the lease costs associated with this 2,275 square feet until the space can be backfilled by another County department or partner. DCSS has indicated that they have already identified their program to backfill a significant portion of the vacated office space. As for the remaining vacated space, estimated to be about 563 square feet, the CEO will work with DCSS to backfill that space with other County programs or alternatively seek out other compatible partners/subtenants.

Pursuant to required procedure, the amendment has been drafted using the State's standard form. Additionally, the State has requested that the amendment be executed by the County first.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide operational effectiveness (Goal 1) to maximize the effectiveness of the County's process, structure, and operations in support of timely delivery of efficient customer-oriented public services. This project supports this goal by adhering to the objectives established by DCSS and those prescribed by the Federal Government governing the use of grant funding and other resources in the delivery of employment and training related services to County constituents.

FISCAL IMPACT/FINANCING

Ultimately, the proposed decrease in space will affect the amount of revenue being applied directly to the Rent Expense budget while increasing DCSS rent obligation for the subject facility. As referenced earlier, this will result in an approximate loss of revenue in the average amount of \$54,000 per year (\$4,500.00 per month) over the remaining term of the sublease. The Master Lease is due to expire on November 30, 2012, and the Sublease is coterminous with the Master Lease.

DCSS has confirmed that it will be able to continue to pay the rent obligation for the subject facility despite the decrease in the amount of offset rent applied thereto.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 4, 2001, your Board approved the leasing of an entire 24,706 square foot office building located at 12700 Avalon Boulevard, Los Angeles, for DCSS to establish a community resource center to implement employment training, employment opportunities, and unemployment claims services serving the greater Willowbrook area. Pursuant to an arrangement with DCSS' operating partners, the One Stop Center was initially staffed by 31 EDD employees and the UL, together with its participating partners, provided another 51 employees.

To affirm its participation in the One Stop Center project, the State formalized occupancy of its 8,228 square feet portion of the facility through a sublease agreement which was approved by your Board on October 29, 2002. The annual income realized from the sublease agreement helped to offset the County's total operating costs for the project with the remaining costs offset through various sources of grant funding.

The recent economic downturn and State budget deficit has resulted in cutbacks to the funding sources used to secure EDD's participation at the One Stop Center. In light of this uncertain fiscal future, the State has requested that the Sublease be amended to decrease the total amount of office space currently occupied by a total of 2,278 square feet.

Since the terms of the Sublease do not provide the State with any right to decrease only a portion of the total amount of office space square footage originally leased, both the County and State must mutually agree to the decrease of space and rent by a supplemental agreement. Thus, the State has requested that the County consider and approve the proposed amendment.

County Counsel has reviewed the Amendment in connection with this transaction and has approved it as to form. DCSS has reviewed and concurs with the recommended action.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 Section r of the revised Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action will have no impact on any current County services or any other planned or approved project.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return five executed sublease amendments, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further execution and processing.

Respectfully submitted,

WILLIAM T FUJIOKA Chief Executive Officer

WTF:DL:WLD CM:RL:kb

Attachments

c: Department of Community and Senior Services County Counsel

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AMENDMENT TO SUBLEASE

AMENDMENT NO. FILE NO 1331-002 PROJECT NO

121827

THIS AMENDMENT TO SUBLEASE, dated this 16th day of June 2009 (for reference purposes only), by and between the County of Los Angeles, hereinafter called Sublessor, and the State of California acting by and through the Director of the Department of General Services, hereinafter called the State.

WITNESSETH:

WHEREAS, under sublease dated February 5, 2002, the State hires from Sublessor certain premises located at 12700 Avalon Blvd., Los Angeles; and

WHEREAS, the parties hereto desire to amend said sublease to (1) reduce space; and (2) decrease the amount of monthly rental accordingly.

NOW THEREFORE, it is mutually agreed between the parties hereto as follows:

- 1. Effective July 1, 2009, the description as provided in Paragraph 1 of said sublease is amended to decrease the office space by 2,275 net square feet, from 8,228 square feet to a new total of approximately 5,953 net square feet, on the ground floor, as outlined in red and green on the attached Exhibit "D", consisting of one sheet titled "Office Quarters" Collocation Project number 121827, dated October 16, 2007. Said Exhibit "D" hereby being incorporated into this sublease
- 2. Effective July 1, 2009, the monthly rent schedule as shown in Paragraph 4 of said sublease is deleted and the following rent schedule is substituted in its place:

ELEVEN THOUSAND EIGHT HUNDRED THIRTY-THREE AND 00/100 DOLLARS (\$11,833.00) From July 1, 2009 through November 30, 2009; then

TWELVE THOUSAND TWO HUNDRED FOUR AND 00/100 DOLLARS (\$12,204.00) From December 1, 2009 through November 30, 2010; then

ELEVEN THOUSAND EIGHT HUNDRED SEVENTY AND 00/100 DOLLARS (\$11,870.00) From December 1, 2010 through November 30, 2011; then

TWELVE THOUSAND NINE HUNDRED SEVENTY-EIGHT AND 00/100 DOLLARS (\$12,978.00) From December 1, 2011 through November 30, 2012; and thereafter

Except as amended herein, all the terms of said sublease hereinabove referred to shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this Amendment to Sublease has been executed by the parties hereto on the date first above written.

STATE OF CALIFORNIA

Approval Recommended:

DEPARTMENT OF GENERAL SERVICES REAL ESTATE SERVICES DIVISION PROFESSIONAL SERVICES BRANCH

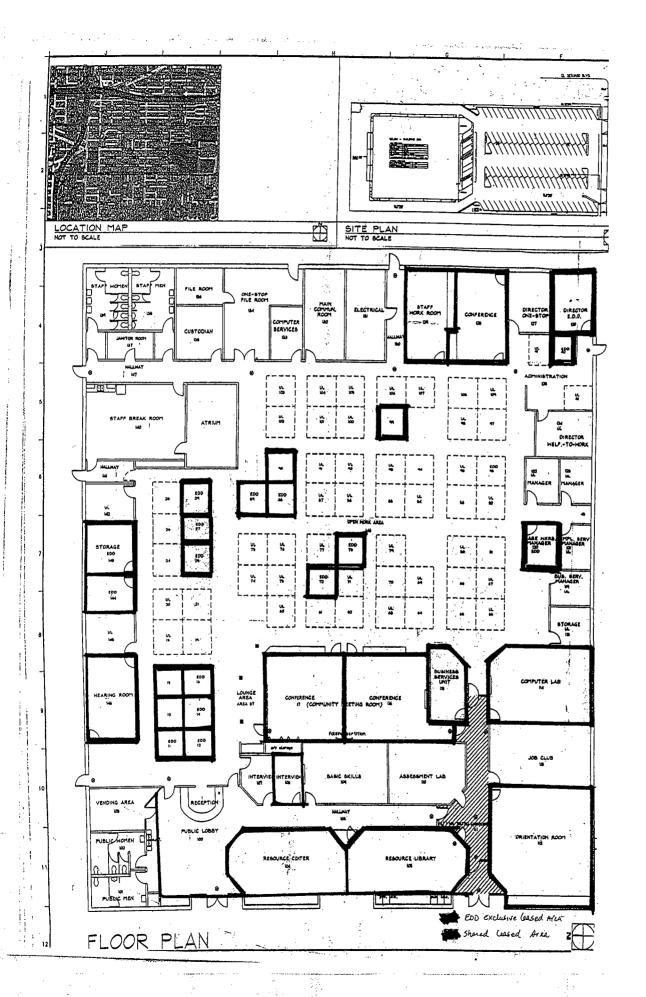
Ву
JIM MCNEARNEY
Associate Real Estate Officer
•
Date
APPROVED:
DIRECTOR OF THE DEPARTMENT
OF GENERAL SERVICES
•
Ву
By
Date

[Lessee/Sublessor signatures on the following page.]

LESSEE/SUBLESSOR:

COUNTY OF LOS ANGELES a body politic and corporate

By:
Name: DON KNABE Its: Chairman, Board of Supervisors
ATTEST: SACHI A. HAMAI Executive Officer-Clerk of the Board of Supervisors
By:
Deputy
APPROVED AS TO FORM:
ROBERT KALUNIAN Acting County Counsel
By: Senior Debuty County Counsel
Senior Debuty County Counsel



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